

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 6893

BILL NUMBER: SB 234

DATE PREPARED: Dec 19, 2001

BILL AMENDED:

SUBJECT: TRF Fund Membership and Contributions.

FISCAL ANALYST: James Sperlik

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**FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL**

IMPACT: State & Local

Summary of Legislation: This bill provides that a member of the State Teachers' Retirement Fund (TRF) who, before July 1, 1995, participated in the Pre-1996 Account and who, after June 30, 2001, was hired by another school corporation or institution covered by TRF or rehired by a prior employer becomes a member of the 1996 Account, but: (1) the member's contributions to the pre-1996 annuity savings account; (2) employer contributions, if any, to the Pre-1996 Retirement Allowance Account; and (3) liability for employer contributions based on service credit earned; before the member was hired by another school corporation or institution covered by TRF (or rehired by a prior employer) remain in the Pre-1996 Account.

Effective Date: July 1, 2002.

Explanation of State Expenditures: *Fiscal Impact:* This proposal codifies the procedure to transfer liabilities for members transferring between the Pre-1996 Account and the 1996 Account and inasmuch as there is an equivalence between the liabilities and contributions for the members transferring from the Pre-1996 Account to the 1996 Account, the provisions will have no fiscal impact on the 1996 Account.

Background Information: According to the actuaries for the TRF, the liability for employer contributions at this point is undefined under this proposal. The liabilities could be defined using several different bases, including (1) liability based on accrued benefit and (2) liability based on projected benefit. The actuaries for TRF are conducting a more in-depth study on this issue and will provide the results in the first week of January 2002. This fiscal note will be updated at that time.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Teachers' Retirement Fund.

Local Agencies Affected:

Information Sources: Mark Johnson of Gabriel Roeder Smith & Co., actuaries for TRF, 1-800-521-0498.